



**Montana Department
of Transportation**

Contractor's Fuel Usage Booklet

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Introduction

This document explains the permit and reporting requirements for special fuel (diesel) usage by contractors/sub-contractors working on public road projects. The document also defines current policies and procedures approved by statute, administrative rules and Montana Supplemental Specifications.

New Special Fuel User Requirements – SB 123

- All contractors/sub-contractors working on any city, county, state or federal road projects are required to have a Special Fuel User's permit.
- All contractors/sub-contractors who have a Special Fuel User's permit are required to use tax-paid (clear) fuel at all times.
- The individual (end-user) is responsible to pay the tax on the fuel used to produce the aggregate materials used on public road projects.
- All Special Fuel User permit holders are required to file quarterly returns. A return must be filed even during a period of no activity.
- With the exception of keeping records to prove that: 1) only tax-paid (clear) fuel was purchased, and 2) to prove that the fuel tax on aggregate material used on a public road project was paid, a contractors/sub-contractor is not required to keep records if they do not request a refund.

Objectives

- Improve the contractor/sub-contractor's understanding of the special fuel (diesel) permitting process and tax reporting requirements.
- Collect tax on all special fuel (diesel) used in the construction of public road projects and other taxable projects efficiently as possible.
- Eliminate the use of dyed special fuel (diesel) on all public road projects by requiring Special Fuel User permit holder's to use tax-paid clear fuel.

Scope

Every contractor/sub-contractor working on a public road project using special fuel (diesel) is required to have a Special Fuel User permit and use tax-paid (clear) fuel. This document will outline the permitting process and other requirements.

Special Fuel User's are required to file quarterly tax returns. The use of tax-paid (clear) fuel will not eliminate the requirement to report the purchase of the fuel if you request a refund and/or pay fuel tax on aggregate used on a public road project.

Contractors/sub-contractors found using dyed fuel on public road projects will be penalized, subject to revocation of their Special Fuel User permit and may be prohibited from participating in future MDT public road projects for up to six months. Provision 107.27 of the Montana Supplemental Specifications and ARM 18.10.112(5) impose suspensions for up to six months for using dyed fuel on a public road project.

Projects: Public or Not?

Public Road Projects

All contractors/sub-contractors participating on public road projects must have a Special Fuel User's permit. The contractor/sub-contractor must use tax-paid (clear) fuel and cannot store or use dyed diesel in equipment, vehicles and stationary engines. Contractors or sub-contractors who use dyed diesel on any public road project are in violation of their public road contract with a public agency and may be suspended from participating in future public road contracts and penalized. See **Enforcement & Suspension** sections.

If a contractor becomes a special fuel permit holder and moves equipment and/or SM-plated vehicles onto a public road project containing dyed diesel, the special fuel user must:

- Call MDT at (406) 444-7271 (24 hours a day).
- Identify the equipment or vehicle.
- Provide the location of job site.
- Include your name, phone number & business name

The non-licensed contractor/sub-contractor must obtain a Special Fuel User's permit before performing any work on a public road project. They must refuel the equipment or SM-plated vehicles with tax-paid (clear) fuel. When moving equipment and/or SM-plated vehicles off the public road project with tax-paid (clear) diesel, a refund will not be allowed for tax-paid (clear) diesel fuel remaining in the supply tanks.

All plated vehicles must conform to laws and rules governing travel on public roads. See **Travel on Public Roads** below for details.

Non-MDT Public Road Projects

Contractors/sub-contractors participating in a public road contract from City, Federal, or County agencies must have a Special Fuel User's permit, must use tax-paid (clear) fuel and file quarterly tax returns (MF-12C). The fuel used on these projects is taxable. Any fuel tax on gallons that are used by the Special Fuel user in a non-taxable manner is eligible for a refund, which may be applied for when filing their Special Fuel User (MF-12C) quarterly tax return.

Private Projects

Contractors and sub-contractors who use tax-paid (clear) diesel for operating stationary engines, tractors, equipment and vehicles off the public highways and streets and right of ways or for non-taxable use may receive a refund of the tax. Such a refund is required to have supporting documentation. If a Special Fuel User does not come in for a refund, and/or does not owe fuel tax on aggregate material, they are not required to keep records.

Production of Material

Requirements

The fuel tax used to produce material used on public road projects is taxable. A Special Fuel User permit holder (end-user) who purchases aggregate material from a producer for use on a public road project is responsible to pay the motor fuel tax used to produce the material. If the producer is the same person who uses the material on a public road project then they are responsible to pay the motor fuel tax.

Two rates are used to calculate the number of gallons of fuel used to produce concrete depending upon the power source. If diesel fuel is used; the rate is 28% (.28), if electricity is used; the rate is 13% (.13). **One blended rate will be proposed to replace the different rates for diesel and electricity on the MF-15 to make it easier to report and pay the fuel tax on the material.**

New Legislation – SB 123

A project or permanent pit/quarry owner who has a Special Fuel User's permit is required to use tax-paid (clear) fuel in all equipment and vehicles. Any tax-paid (clear) diesel used in a non-taxable manner qualifies for a refund (see **definitions** non-taxable). A refund may be claimed on the Special Fuel User's tax return if the pit/quarry owner has a Special Fuel User's permit. Those that do not have a Special Fuel User's permit can get a refund by contacting MDT for a refund application.

Burner fuel is required to be tax-paid (clear) fuel. The fuel tax on the burner fuel is eligible for a refund if it is not used in a combustible engine in a vehicle or equipment on the project site.

Material Rate & Formula

The rate to calculate the number of gallons used to produce aggregate material depends upon the material produced and the power source. (See rates below)

The formula to compute fuel used to produce materials for taxable projects is:

Asphalt is composed of 94% aggregate. (1cu. Yd. = 1.88 tons)

Concrete is composed of 75% aggregate. (1cu. Yd. = 2 tons)

Gravel is composed of 100% aggregate. (1 cu. Yd = 1.85 tons)

Gallons per ton for asphalt: .28

Gallons per ton for asphalt: .28 for diesel fuel or .13 for electrical power.

Examples:

Asphalt: 100cu. yd. of asphalt = 188 tons
 188 tons X 94% (.94) = 176.72 tons of aggregate.
 176.72 tons X .28 = 49.5 gallons (diesel fuel)

Concrete: 100cu. Yd. of concrete = 200 tons
 200 tons X 75% (.75) = 150 tons of aggregate.
 150 tons X .28 = 42 gallons (blended rate)

$$150 \text{ tons} \times .13 = 19.5 \text{ gallons (electricity power)}$$

Travel on Public Roads

A special fuel user is required to use tax-paid (clear) fuel and may not use dyed diesel to operate a motor vehicle upon the public roads and highways of this state. The use of dyed special fuel (diesel) in a motor vehicle operating upon the public roads and highways of this state is a violation of Section 15-70-330, MCA. For violation of this law, the driver is subject to a \$1,000 civil penalty for a first offense and \$5,000 civil penalty for a second offense. A third offense is a criminal offense. Each usage is a separate offense. The violator has a right to appeal the citation.

In addition, Special Fuel User permit holders (contractors/sub-contractors) violating this statute may be suspended up to 6 months from participating in any future public road contracts or sub-contracts regardless of the disposition of the dyed fuel violation. See **Suspension Process** section.

Special Fuel User permit holder's who own SM-plated vehicles/equipment are required to use tax-paid (clear) fuel. SM-plated vehicles/equipment that have tax-paid (clear) diesel in the supply tank and move off public road projects do not qualify for a refund for the portion used on public roads.

Special Fuel User Permit

Permit Requirements

The Montana Department of Transportation (MDT) and 15-70-302, MCA requires all contractors/sub-contractors who use special fuel (diesel) on public road projects to:

- a) Complete a Special Fuel User permit application form,
- b) Submit a minimum \$5,000 bond,
- c) File quarterly tax returns, and
- d) Complete and return annual renewal form.

Failure to complete or maintain any of the above requirements in good standing may disqualify you from participating in public road projects.

Application for Permit

The application for a Special Fuel User permit must be correctly completed and returned to MDT before any public road contract is awarded to a contractor/sub-contractor by a city, county, state and/or federal agency. The application is a one-page form (front and back) and must be completed in its entirety. The form with original signatures must be returned to MDT. Fax copies will not be accepted.

Bonds

The bond is to assure that all the tax, penalty and interest has been paid to the department. The following are types of bonds accepted by MDT:

- ✓ Surety bond – Acquired through an insurance company by paying premiums. Require original signatures from the insurance company.
- ✓ Certificate of Deposit (CD) – Contractor/Sub-contractor collects the interest. The name on the CD must be your “company name” with the words “or Montana Department of Transportation”.
- ✓ Cash Bond – no interest is earned.

See **Appendix III, Surety Bond Form.**

Renewal

Regardless of the date issued the permit expires on December 31. Current permit holders will receive a renewal application annually. The application must be completed and returned according to the instructions on the application and within the time frame allowed in order to renew the license. See **Appendix III, Special Fuel User Forms.**

Completing Special Fuel User Quarterly Return(s)

Each Special Fuel User permit holder must file a tax return for the calendar quarters, March, June, September and December. Each quarter's return must be post marked on or before the last day of the month following the end of the quarter or a penalty will be assessed even if you do not have any activity. For example:

1 st Calendar quarter ending March 31 st	Due April 30 th
2 nd Calendar quarter ending June 30 th	Due July 31 st
3 rd Calendar quarter ending September 30 th	Due October 31 st
4 th Calendar quarter ending December 31 st	Due January 31 st

If any of these days fall on a weekend or state holiday the return must be postmarked the next business day.

A return must be filed every quarter as long as your permit is active.

- **No Refund Request or Payment** - All that is required is your name, address, license number and federal ID # or social security number. Check box stating that you are not requesting a refund and sign the form. You are not required to fill in lines 1 – 19.
- **Refund or Payment** – You are required to fill out the entire form and have supporting evidence for your refund and aggregate material liability.

If you did not have any activity in the quarter you must file a return that states “No Activity”. Upon cancellation, payment of the quarterly tax liability must be included with the final return. You may cancel your permit at any time by checking the box in the lower right corner of the tax return.

Failure to file a tax return as required may result in penalties. Penalties are \$25.00 or 10% of the tax due, whichever is **greater** (Section 15-70-330, MCA). In addition to penalties the department will charge interest at the rate of 1% per month on any outstanding tax due.

In the case that a tax return is incorrect or incomplete, it will be returned to the Special Fuel User permit holder. The permit holder has ten (10) days to correct or complete the tax return and mail it back to the department. If returned later than ten (10) days, a late penalty may be assessed.

See **Appendix III** for forms and detailed instructions.

Record Keeping Requirements

New Special Fuel User Requirements – SB 123

- The individual (end-user) who purchases aggregate material from a producer for use on public roads or projects is responsible to pay the tax on the aggregate materials.
- With the exception of keeping records to prove that: 1) only tax-paid (clear) fuel was purchased, and 2) to prove that the fuel tax on aggregate material used on a public road project was paid, a contractors/sub-contractor is not required to keep records if they do not request a refund.

Record Retention

You must retain records for three (3) years from the date of filing to support the information reported on your Special Fuel User tax return.

Acceptable Source Documents

Original documents are required at the time of the audit. Acceptable source documents include mileage records, fuel receipts, dispersal records and bulk fuel inventory reconciliation.

Mileage Records: The records must contain mileage data on individual vehicles for each trip and fleet summaries by unit. Both taxable and non-taxable miles must be documented.

All trip reports must include:

- Permit holder's name
- Vehicle identification number or unit number
- Starting and ending dates of trip
- Place of trip origin and destination
- Routes of Travel
- Beginning and ending odometer readings
- Total trip miles
- Nontaxable trip miles

Fuel Receipts: The taxable and nontaxable usage of fuel for each trip and fleet summaries by unit must be reflected in the records.

All fuel receipts (for both bulk and at-pump purchases) must include:

- Purchaser's name
 - Vendor/wholesaler name and address
 - Date of receipt of fuel
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- Vehicle identification number or unit number of vehicle receiving fuel (pump purchases)
 - Type of fuel purchased
 - Number of gallons purchased
 - Price per gallon or total amount of sale
 - Special fuel must be identified as clear, undyed or dyed.

Bulk storage of fuel:

Bulk storage fuel is normally delivered into a fuel storage facility (slip tank or other container) owned or controlled by the taxpayer. Originals of all fuel delivery tickets/invoices must be retained and submitted upon request for audit purposes. Bulk storage records must detail all fuel receipts, dispersals, and inventory reconciliation. Dispersal records must distinguish between fuel placed in qualified vehicles as opposed to that used for other purposes.

All dispersal records should include:

- Dispersal amount (gallons)
- Fuel type
- Unit or equipment that fuel was disbursed into
- Project number (if applicable)
- Date

PTO and Off-Road Credits

To support PTO credits/refunds, both fuel and mileage records are required excluding mileage on public projects. See the previous sections for discussions on these records. Off-road credit mileage records must include off-road miles, total miles, routes used, and dates.

Any person who requests a refund or credit of motor fuel tax must have satisfactory evidence that the motor fuel tax was paid.

The record keeping requirements for PTO refunds are being reviewed. The present rule will be amended when changes are made.

Materials

When materials are **produced on-site**, the contractor/sub-contractor must:

- 1) Track the amount of material production used for each taxable project, and
 - 2) Report actual fuel used to produce the material on the Special Fuel User tax return, (MF-15) or use the formula detailed in **Production of Material** if
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actual fuel usage is not supported by documentation.

When materials that are **produced off-site** and hauled to the project, the contractor/sub-contractor must:

- 1) Track the amount of material production used for each taxable project, and
- 2) Report the total fuel used to produce the material on the Special Fuel User tax return, (MF-15) or use the formula detailed in **Production of Material** if actual fuel usage is not supported by documentation.

Contractor Record Guide

The following information is intended as a guide to assist contractors with record keeping. If you have specific questions, please contact the Department of Transportation, Internal Audit Unit, at 444-9207.

Contractor Record Guide					
	Mileage Records	Fuel Records	Inventory Records	Form to Use	Where to Report
Vehicles	Yes	Yes	Yes – Bulk Fuel	MF-12 C	Miles – Lines 1,2 Fuel – Lines 2,7
Projects	No	Yes	Yes – Bulk Fuel	MF-15 Sect. 1	Equipment - Line 1 Burner - Line 4
Material Production	No	Yes	Yes – Bulk Fuel Yes – Bulk Pit, off site	MF-15 Sect. 1 MF-15 Sect. 2	On Site – Sect. 2



Filing the MF-12 C may lead to a credit account balance which can be applied to subsequent tax liabilities or refunded. **Records must support all refunds or credit balances. Records must be maintained & available for audit purposes but do not have to be mailed in with the quarterly tax return.** A credit or refund will be the result of one or more of the following items



Contractor Refund/Credit Guide					
	Mileage Records	Fuel Records	Inventory Records	Form to Use	Where to Report
Off-Road Miles	Yes	Yes	Yes	MF-12 C	Line 5 Included in Line 19
PTO	Yes	Yes	Yes	MF-12 PTO & MF-12 C – Line 15	Complete the form included in Line 19

Total				
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Bulk Fuel Reconciliation

Beginning Stick Reading: _____
 Plus Purchases: _____
 Equals Available fuel: _____
 Less Withdrawals _____
 Ending Inventory: _____
 Equals _____
 Ending Stick Reading: _____

Reason for difference:

Enforcement on Public Road Projects

Motor Carrier Services (MCS) officers may visit each public road project. The officers will sample the diesel fuel in bulk tanks and supply tanks of vehicles, equipment and other internal combustion engines. If it is determined through a visual examination that the fuel has been adulterated or is dyed fuel, the samples will be sent to the Montana Department of Public Health and Human Services (DPHHS) lab for testing. The contractor/subcontractor or their representative will receive either a Courtesy Warning Ticket or a Dyed Fuel Citation and a copy of the Dyed Fuel Field Report from a MCS officer when the sample is drawn and sent to the DPHHS lab.

If dye is present in the fuel, a copy of the field report and the sample results are sent to the Administration Division. The Administration Division will proceed with the penalties and suspension procedures.

The contractor/sub-contractor is responsible for all vehicles owned and leased which are used on the public road project.

Suspension

The lab returns the lab results to the Montana Department of Transportation, Administration Division verifying the presence of dyed diesel.

The Administration Division sends the contractor/sub-contractor a **certified letter** notifying them of the violation of public contract and the resolution process within 5 working days of receipt of lab results. The letter states the contractor/sub-contractor may be suspended within 10 working days from the date of the letter.

Within 10 working days from the date of the certified letter, the contractor/sub-contractor may contact MDT at (406) 444-6027 to question the lab results and explain what happened. MDT expects this call to resolve the majority of the concerns. The MDT Administration Division Dispute Resolution Process defined below will be followed if the issue is not resolved through explanation as discussed above.

If the Special Fuel permit holder does not contact MDT, the director or designee will send a certified letter to the contractor/sub-contractor stating the applicable penalty that may include suspension for a period of up to six months from participating on MDT road projects not already awarded.

A Special Fuel permit holder, who was found to be using dyed fuel on a public road project other than a MDT road project, may have their permit revoked and the public agency they are contracting with will be notified that they are in violation of the law.

Suspension/Appeal Process

The contractor/sub-contractor notified of the suspension has the right to question the decision through the dispute resolution process. If the resolution is to suspend the contractor/sub-contractor, the director of the Montana Department of Transportation sends a certified letter suspending the contractor/sub-contractor for a period of up to six months from participating on MDT projects not already awarded.

Following are the steps of the Dispute Resolution process:

- A. The contractor/sub-contractor may send a letter requesting a hearing to the MDT director within 10 working days of contacting MDT.
- B. MDT will respond to request for a hearing within 10 working days, stating a date and time arranged for the hearing.
- C. Hearing is held & a decision is made.
- D. If the hearing is not satisfactory to all parties concerned, a written request for a hearing with the MDT commissioner can be submitted within 10 working days of the hearing decision with the MDT director.
- E. Hearing held with MDT Commissioners at next scheduled commission meeting. If the hearing is not satisfactory to all parties concerned, the contractor may take the case to district court.

Suspension List

A list of suspended contractors/sub-contractors with dates of suspension will be posted on the MDT web page (www.mdt.mt.gov) within 2 working days of the contractor's/sub-contractor's notification of suspension to assist other contractors with selecting sub-contractors. The list will be distributed to the MDT staff and to public agency personnel with contracting authority.

Appendix I

Definitions

Definitions Associated with Motor Fuels

Appurtenances: An incidental right (as a Right-of-way) attached to a principal property right and passing in possession within the right of way of a public road. (For example: public parking areas, public alleys, public driveways, etc.)

Bulk Storage: Container holding any fuels for storage, other than supply tank of a motor vehicle or any internal combustible engine.

Contractor: An individual or legal entity contracting with the commission or public agency to perform the prescribed work.

Equipment: A special vehicle or stationary piece of machinery strictly manufactured and designed to operate off public roads or highways.

Motor Vehicle: All vehicles designed to operate or propel upon the public highways for the use of transportation of persons or property.

Non-taxable Projects: Any work being done on private property which public agencies have not awarded a contract. The fuel tax used on these projects is eligible for refund.

Off-Public Road: Private property and any road that does not use public revenues for construction, reconstruction or improvement. This includes facilities such as parking lots off public property (e.g. grocery store parking lot).

Offender: Any entity violating the fuel laws, administrative rules or MDT policies. This includes contractors, sub-contractors, suppliers and any other entity or worker associated with the project.

On Public Road: These include highways, streets, alleys, city and county roads, county gravel roads, Forest Service roads (except Forest Service development roads) and their appurtenances in the state of Montana. Includes all activities within the public rights-of-way.

Private Pit: A permanent pit/quarry where materials produced are not predetermined for taxable or nontaxable use.

Project Pit: A non-permanent pit/quarry on private or public property where materials are produced for use on a public project.

Project: A specific plan or design pertaining to the construction, reconstruction or improvement of highways or public roads and their appurtenances. The specific section of the highway or location on which construction is to be performed under a contract.

Project Materials: Substances specified for use in the construction of a public project. The end-user is responsible for payment of the tax on the fuel used to produce the materials for a public road project. ARM 18.10.324 is being revised to include a blended rate.

PTO: Power take off. An auxiliary engine fueled from the same supply tank as the vehicle. (ARM 18.9.306 – This rule is under review)

Public Roads and Highways of this State: All streets, roads, highways, and related structures:

- (a) Built and maintained with appropriated funds of the United States, the state of Montana, or any political subdivision of the state;
- (b) Dedicated to public use;
- (c) Acquired by eminent domain; or
- (d) Acquired by adverse use of the public, jurisdiction having been assumed by the state or any political subdivision of the state.

See Section 15-70-301(17), MCA and ARM 18.10.103.

Refund: The amount of Montana fuel taxes returned to a taxpayer for taxes paid on undyed (clear) diesel used in a non-taxable manner.

SM Plated: A vehicle/equipment not designed for transportation of persons or property and incidentally operated or moved over the highways. These vehicles/equipment are allowed to move over the public roads from point to point.

Sub-Contractor: An individual or legal entity to which a contractor subcontracts, assigns or otherwise disposes of any part of the work.

Taxable Projects: A specific plan or design pertaining to the construction, reconstruction or improvement of highways or roads and their appurtenances awarded by any public agency including federal, state, county, municipal or other political subdivisions.

Appendix II

Statutes & Rules

Statutes

15-70-301. Definitions.

As used in this part, the following definitions apply:

(4) "Bond" means:

(a) a bond executed by a special fuel user as principal with a corporate surety qualified under the laws of Montana, payable to the state of Montana, and conditioned upon faithful performance of all requirements of this part, including the payment of all taxes, penalties, and other obligations of the special fuel user arising out of this part; or

(b) a deposit with the department by the special fuel user, under terms and conditions that the department may prescribe, of certificates of deposit or irrevocable letters of credit issued by a bank and insured by the federal deposit insurance corporation.

(7) "Department" means the department of transportation.

(15) "Motor vehicle" means all vehicles that are operated upon the public highways or streets of this state and that are operated in whole or in part by the combustion of special fuel.

(16) "Person" includes any person, firm, association, joint-stock company, syndicate, partnership, or corporation. Whenever the term is used in any clause prescribing and imposing a fine or imprisonment, or both, as applied to a firm, association, syndicate, or partnership, it includes the partners or members and, as applied to joint-stock companies and corporations, the officers.

(17) "Public roads and highways of this state" means all streets, roads, highways, and related structures:

(a) built and maintained with appropriated funds of the United States, the state of Montana, or any political subdivision of the state;

(b) dedicated to public use;

(c) acquired by eminent domain, as provided in Title 60, chapter 4, or Title 70, chapter 30; or

(d) acquired by adverse use by the public, with jurisdiction having been assumed by the state or any political subdivision of the state.

(18) "Special fuel" means those combustible gases and liquids commonly referred to as diesel fuel or any other volatile liquid of less than 46 degrees A.P.I. (American petroleum institute) gravity test, except liquid petroleum gas, when actually sold for use in motor vehicles operating upon the public roads and highways within the state of Montana. The term special fuel includes all other types of additives when the additive is mixed or blended into special fuel, regardless of the additive's classifications or uses.

(20) (a) "Special fuel user" means a person who consumes in this state special fuel for the operation of motor vehicles owned or controlled by the person upon the highways of this state.

(b) The term does not include the U.S. government, a state, a county, an incorporated city or town, or a school district of this state.

(21) "Use", when the term relates to a special fuel user, means the consumption by a special fuel user of special fuels in the operation of a motor vehicle on the highways of this state.

15-70-302. Special fuel user's permits required -- exceptions.

(1) (a) A special fuel user shall obtain a special fuel user's permit annually from the department prior to the use of special fuel:

(i) by a special fuel user awarded a contract or subcontract in accordance with [15-70-321](#);

(4) A special fuel user who obtains a permit under subsection (1) may use only fuel on which state fuel tax has been paid.

15-70-303. Application for permit.

(1) Application for a special fuel user's permit must be made to the department unless otherwise provided in this part.

(2) The application must be filed upon a form prepared and furnished by the department. The application must contain information the department considers necessary.

15-70-304. Bonding, release of surety, and additional bond.

(1) Except as provided in this section, a special fuel user's permit may not be issued to a person or continued in force unless the person has furnished a bond, as defined in 15-70-301 and in a form as the department may require, to secure its compliance with this part and the payment of any taxes, interest, and penalties due and to become due under this part. The department shall waive the bond requirement of a special fuel user not subject to the provisions of subsection (2)(a) or (2)(b).

(2) The total amount of the bond or bonds required of a special fuel user must be equivalent to twice the special fuel user's estimated quarterly tax payments as provided in this part, determined as the department considers proper; however, the total amount of the bond or bonds may not be less than:

(a) \$5,000 for a special fuel user awarded a contract in accordance with 15-70-321; and

(b) \$500 for any other special fuel user who:

(i) requests a special fuel user's permit to be reissued after being canceled for cause; or

(ii) fails to file timely reports and pay tax due as required by 15-70-325 and 15-70-327.

(3) A surety on a bond furnished by a special fuel user, as provided in this section, must be released and discharged from any liability to the state accruing on the bond after the expiration of 30 days from the date when the surety has lodged with the department a written request to be released and discharged, but this provision may not operate to relieve, release, or discharge the surety from any liability already accrued or that accrues before the expiration of the 30-day period. The department shall, promptly upon receiving a release request, notify the special fuel user who furnished the bond, and unless the special fuel user, on or before the expiration of the 30-day period, files a new bond in accordance with the requirements of this section or makes a deposit in lieu of a bond as provided in 15-70-301(4), the department shall cancel the special fuel user's permit.

(4) The department may require a special fuel user to give a new or additional surety bond or to deposit additional securities of the character specified in 15-70-301(4) if, in its opinion, the security of the surety bond previously filed by the special fuel user or the market value of the properties deposited as security by the special fuel user becomes impaired or inadequate. Upon failure of the special fuel user to give a new additional surety bond or to deposit additional securities within 30 days after being requested to do so by the department, the department shall cancel the permit.

15-70-305. Issuance of permit -- grounds for refusal -- hearing.

(1) Except as provided in subsection (3), upon receipt of the application and bond in proper form, the department shall issue to the applicant a permit to operate as a special fuel user. Each special fuel user's permit is valid until suspended or revoked for cause or otherwise canceled.

(2) If the special fuel user's permit is surrendered or revoked, the special fuel user shall pay a re-issuance fee of \$100.

(3) The department may refuse to issue a special fuel user's permit to any person:

(a) who formerly held a permit that, prior to the time of filing application, has been revoked for cause;

(b) who is not the real party in interest and the permit of the real party in interest has been revoked for cause prior to the time of filing the application; or

(c) upon other sufficient cause being shown.

(4) Before refusal to issue a permit, the department shall grant the applicant a hearing and shall grant the applicant at least 10 days' written notice of the time and place of hearing.

(5) A special fuel user's permit is not transferable.

15-70-306. Revocation, suspension, and cancellation.

(1) The department may revoke the permit of any special fuel user or any special fuel vehicle permit for reasonable cause. Before revoking a permit, the department shall notify the permittee of its intention, by certified mail addressed to the permittee's last-known address shown in the files of the department, requiring the permittee to appear before the department on a day and hour specified in the notice, not more than 30 days or less than 10 days from date of notice, and show cause, if any, why the permit should not be revoked. However, at any time prior to and pending the hearing, the department may in the exercise of reasonable discretion suspend the permit.

(2) Upon revocation of a permit by the department, the holder shall immediately surrender the permit to the department for cancellation.

15-70-307. Surrender of permit upon use discontinuance.

The department shall cancel any special fuel user permit immediately upon surrender by the holder.

15-70-321. Tax on special fuel and volatile liquids.

(1) The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax, as provided in subsection (2):

(a) for each gallon of undyed special fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce motor power to operate motor vehicles upon the public roads and highways of this state;

(b) for each gallon of special fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used in motor vehicles, motorized equipment, and the internal combustion of any engines, including stationary engines, used in connection with any work performed under any contracts pertaining to the construction, reconstruction, or improvement of any highway or street and their appurtenances awarded by any public agencies, including federal, state, county, municipal, or other political subdivisions; and

(c) for each gallon of dyed special fuel delivered into the fuel supply tank of a diesel-powered highway vehicle, regardless of weight, operating upon the public roads and highways of this state.

(2) The tax imposed in subsection (1) is 27 3/4 cents per gallon.

(3) Material used for construction, reconstruction, or improvement in connection with work performed under a contract as provided in subsection (1)(b) must be produced using special fuel on which state fuel tax has been paid.

15-70-323. Special fuel user's records.

(1) Except as provided in subsection (3), every special fuel user and every person importing, manufacturing, refining, dealing in, transporting, or storing special fuel in this state shall keep records, receipts, and invoices and other pertinent papers that the department may require and shall produce them for the inspection of the department at any time during the business hours of the day.

(2) The records, receipts, invoices, and other pertinent papers must be kept for a period of at least 3 years from the date on which the return to which they relate was required to have been made.

(3) A special fuel user who is required to obtain a permit under [15-70-302](#) is exempt from the provisions of this section if the user uses fuel on which state fuel tax has been paid and if the user does not request a motor fuel tax refund.

15-70-330. Special fuel penalties.

(1) In the case of a special fuel user who refuses or fails to file a return required by this part within the time prescribed by [15-70-103](#) and [15-70-325](#), there is imposed a penalty

of \$25 or a sum equal to 10% of the tax due, whichever is greater, together with interest at the rate of 1% on the tax due for each calendar month or fraction of a month during which the refusal or failure continues. However, if any special fuel user establishes to the satisfaction of the department that the failure to file a return within the time prescribed was due to reasonable cause, the department shall waive the penalty provided by this section.

(2) Whenever a special fuel user files a return but fails to pay in whole or in part the tax due under this part, interest at the rate of 1% a month or fraction of a month from the date on which the tax was due to the date of payment in full must be added to the amount due and unpaid.

(3) (a) A special fuel user may not use dyed special fuel to operate a motor vehicle upon the public roads and highways of this state unless the use is permitted pursuant to rules adopted under subsection (3)(b). The purposeful or knowing use of dyed special fuel in a motor vehicle operating upon the public roads and highways of this state in violation of this subsection is subject to the civil penalty imposed under [15-70-372](#)(2). Each use is a separate offense.

15-70-372. Civil penalties.

(1) Except as provided in subsection (2), the department may, after giving notice and holding a hearing, if requested, pursuant to Title 2, chapter 4, part 6, impose a civil penalty not to exceed \$100 for any violation of this part. The civil penalty may be in addition to the criminal penalties imposed under [15-70-330](#), [15-70-336](#), and [15-70-366](#).

(2) The department shall, after giving notice and holding a hearing, if requested, impose a civil penalty not to exceed \$1,000 for the first offense and \$5,000 for the second offense for using dyed special fuel in violation of the provisions of [15-70-330](#)(3).

Administrative Rules

18.10.103 Determination of Public Roads and Highways

(1) Streets, roads, highways, alleys, county roads, county gravel roads, forest service roads (except forest service development roads) and their related structures are accepted as public roads as defined in 15-70-301, MCA. A public road may be under new construction, reconstruction, , relocation, or repair, even though it is not recognized as part of the maintained highway system.

18.10.104 Liability For Use On Government Maintained Roads

(1) Special fuel, as referred to in Title 15, chapter 70, MCA, must be taxed when consumed in the operation of a motor vehicle upon public roads or the rights-of-way of which are owned by the state, county, municipality, or other governmental agency regardless of who performs the maintenance thereon.

18.10.105 What Constitutes Special Fuel

(1) Fuel taxable under the Special Fuel Tax Act includes diesel fuel, stove oils, heating oils, burner fuels, kerosene, or any other combination of hydrocarbon fuels used

for the operation of motor vehicles, except fuels subject to the gasoline license tax or to the license tax on vehicles operated by liquefied petroleum gas or compressed natural gas.

18.10.112 Dyed Special Fuel (was 18.9.324)

(1) The department has adopted the following provisions relating to dye color and concentration requirements for tax-exempt diesel fuel, excluding buses and governmental vehicles.

(a) In Montana red dye will be used to identify all tax-exempt special fuel, regardless of the sulfur content of that fuel. Colored special fuel from Canada will be considered tax exempt if the dye concentration has been approved by the Canadian authorities, but it may not be used on public roads.

(b) The special fuel will satisfy the federal dyeing requirement if it contains the dye solvent red 164 at a concentration spectrally equivalent to 3.9 pounds per thousand barrels of the solid dye standard solvent red 26 or contains any dye of a type and in a concentration that has been approved by the commissioner of internal revenue service. The presence of dye at a concentration of 2.0 milligrams per liter (mg/l), or greater is considered to be in violation of 15-70-330, MCA.

(2) Dyed special fuel can be purchased tax free in Montana and Canada but it is illegal to use it on the public roads, regardless of where it was purchased, except for the movement of off-road vehicles traveling from one location to another as indicated in ARM 18.10.110 and any vehicles as described in ARM 18.10.111.

(3) Motor carrier services division officers making a routine stop of a commercial vehicle or visiting a road construction project site may take a fuel sample from bulk tanks and supply tanks of vehicles, equipment and other internal combustion engines. The sample may be analyzed for dye concentration by a laboratory selected by the Montana department of transportation.

(4) Use of high sulphur dyed special fuel on public roads is prohibited by the federal environmental protection agency (EPA), as set forth in 40 CFR 80.29.

(5) Contractors may not store and/or use dyed diesel in equipment, motor vehicles, and stationary engines used upon public roads and/or within MDT project limits as defined in 15-70-321, MCA. Contractors in violation of this section are subject to penalties upon conviction as defined in 15-70-330, MCA, and may be suspended for up to 6 months from participating in future MDT contracts.

18.10.121 Quarterly Reports – Tax Payment

(1) Every special fuel user who is subject to 15-70-302, MCA, must file with the department of transportation a report showing the amount of fuel used during the calendar quarter. The reports are due on or before the last day of the month following the close of a calendar quarter. Calendar quarters end on the last day of March, June, September, and December. Reports shall accompany a payment to the department of transportation for the total amount due.

(2) Every special fuel user who is subject to 15-70-302, MCA, must submit the quarterly tax report regardless of the fuel usage. Failure to file the quarterly tax report in the time prescribed in 15-70-325, MCA, is considered sufficient cause for revocation of the special fuel user's permit.

18.10.301 Permit Required

(1) Any person who uses special fuel to perform public works contracts and crushing, paving, and grinding on all public works contracts, regardless of the bid amount, in this state is required to obtain a special fuel user's permit.

(2) Application for a special fuel user's permit shall be filed upon a form furnished by the department of transportation.

18.10.302 Permit Details

(1) A special fuel user's permit is valid until December 31 of the year issued unless suspended or revoked for cause.

(2) Special fuel users permits are not transferable and are valid only for the person in whose name the permit is issued. Any vehicle displaying a permit other than that of the registered owner must have a valid lease agreement in the vehicle.

(3) "Long-term lease" means a lease of more than 30 consecutive days with exclusive use.

(a) Every special fuel user is liable for the tax on special fuel used in motor vehicles leased long-term to them and operated on the public roads of this state to the same extent and in the same manner as their own vehicles.

(4) "Short-term lease" means a lease of less than 30 consecutive days, or 30 days or more without exclusive use.

(a) Without exception, the lessor is responsible for reporting the operation of all units leased to other users on a short-term lease basis.

18.10.313 Termination of a Special Fuel User's Permit

(1) Upon ceasing operations in Montana, each special fuel user subject to 15-70-302, MCA, shall:

(a) Submit a final return with the original vehicle permit;

(b) Pay all tax, penalty, and interest due;

(c) Request cancellation of their special fuel user's permit.

(2) Any attempt to use a canceled permit is considered a violation of 15-70-302, MCA, and subjects the violator to the penalty provisions.

(3) When the user's permit is revoked for non-compliance, the permit shall be surrendered and returned with reports through the date of the revocation. Any attempt to use a revoked permit is considered a violation of 15-70-302, MCA, and subject to the penalty provisions of 15-70-314, MCA.

(4) An invalid permit list is maintained by the department and is distributed to all motor carrier services officers in Montana. A permit on the invalid list or a reproduction of such a permit is subject to confiscation by enforcement officers, and a citation may be issued.

18.10.314 Confiscation of Certain Permit Copies

(1) A reproduced copy of a special fuel user's permit that is not clear and legible is invalid and is subject to confiscation by motor carrier services division personnel, and authorized employees of the department. The person from whom the permit is confiscated may operate the vehicle by obtaining a clear and legible copy of the permit or by purchasing a temporary trip permit pursuant to 15-70-311, MCA.

(2) Confiscation of a reproduced copy of a fuel users permit or Montana IFTA license under this rule does not affect the validity of the original permit issued by the department.

18.10.321 Required Records -- Audits

(1) Pursuant to 15-70-323, MCA, every special fuel user and every person importing, manufacturing, refining, dealing in, transporting, or storing special fuel in this state must maintain and keep records, receipts, invoices and other pertinent papers as the department requires and must produce them for the inspection of the department at any time during the business hours of the day. Such records, receipts, invoices, and other pertinent papers must be kept with the corresponding special fuel user's tax return for a period of 3 years from the date the tax return relates. For taxpayers falling under the International Fuel Tax Agreement, records have to be kept for 4 years.

18.10.322 Records When Bulk Storage Involved

(1) Every special fuel permit holder must maintain a complete stock summary of the gallons of special fuel handled each month reflecting inventories, receipts including direct purchases into vehicles, use, sales, other disbursements, and loss or gain. The stock summary must support physical inventories of bulk storage tanks taken at the close of each calendar month, a record of the special fuel receipts with invoices, and a record of the special fuel disbursements.

(2) Where a special fuel user maintains bulk storage fuels, an accounting of fuel withdrawals from bulk storage facilities determined by the use of meters or other accurate measuring devices and recorded on invoices or other daily record of own use, must be maintained. A numbered invoice may be issued or an entry on a daily record of own use must be made at the time of each fuel disbursement from bulk storage disclosing:

- (a) The location of the storage facility where the fuel is withdrawn;
- (b) The date of disbursement;
- (c) The number of gallons withdrawn;
- (d) The opening and closing meter readings or other means of determining the quantity withdrawn; and
- (e) The special fuel vehicle permit identification number and/or the unit numbers if the fuel is delivered into the fuel supply tank of the special fuel users own vehicle; or
- (f) The purpose of the withdrawal if the fuel is withdrawn for the special fuel user but is not delivered into the special fuel user's motor vehicle.

18.10.323 Trip and Fuel Consumption Records

(1) Every special fuel user subject to 15-70-302, MCA, must maintain a record of all trips made by each vehicle in connection with the special fuel used. Operating records must detail the date and points of beginning and ending of each one way trip; proper designation of highways of operation; total miles traveled; miles traveled in each state; and a complete listing of all purchases of special fuel into vehicles showing quantity, date and location received during each trip. The average miles per gallon (ampg) of each vehicle must also be determined. All operating information must be compiled separately for each vehicle during the calendar month.

(2) Supporting documents, such as bills of lading, time sheets, driver's trip logs,

manifests, weight or scale tickets, odometer readings, and revenue records, must be retained for audit purposes.

(3) Every special fuel user subject to 15-70-302, MCA, operating a vehicle equipped with an apparatus which permits the consumption of special fuel must maintain a record, including invoices of all special fuel used and placed into the special fuel supply tank of each vehicle.

18.10.324 Failure to Maintain Records

(1) The department of transportation considers the failure of a special fuel user, who is subject to 15-70-302, MCA, to retain records as specified in 15-70-323, MCA, to constitute reasonable cause for the revocation of the special fuel user's permit under the provisions of 15-70-306, MCA. Records to be kept include special fuel purchase invoices, bills of lading, and trip records.

(2) The department of transportation will, in the event a special fuel user, who is subject to 15-70-302, MCA, fails to retain the required records, estimate the miles traveled, special fuel purchases, and average miles per gallon to determine the special fuel permit holders tax liability. These estimates will be based, whenever possible, on records for a portion of the operations of the special fuel user's vehicles consuming special fuels or other available information indicating fuel usage by the vehicles for which reports are being made. In those cases where the records are not adequate to verify the average miles per gallon (ampg) reported and the average cannot be estimated, an ampg specified in (4) will be used.

(3) If, within 30 days of the date the department issues an assessment based on the ampg, the special fuel user who is subject to 15-70-302, MCA, provides the department with adequate records to verify or estimate special fuel usage for the user's vehicles, the department will review the records and adjust the assessment to the extent necessary.

(4) The department of transportation will, in the event a special fuel user fails to retain the required records for fuel used in internal combustion engines to produce materials used on taxable projects, use the industry standard or other available information for special fuel usage by the internal combustion engines to calculate the formula for which reports are being made. In the event no industry standards are available, the following ampg standards will be used:

(a) trucks and truck tractors whose manufacturers gross vehicle weight rating is 9,000 lbs. or more, 4.5 ampg;

(b) pickups and trucks whose manufacturers gross vehicle weight rating is 6,000 lbs. or less than 9,000 lbs., 10 ampg; and

(c) automobiles and pickups whose manufacturers gross vehicle weight rating is less than 6,000 lbs., 15 ampg.

(5) The formula to compute fuel used to produce materials for taxable projects:

(a) Asphalt is composed of 94% aggregate (1 cu yd = 1.88 tons).

(b) Concrete is composed of 75% aggregate (1 cu yd = 2 tons) .28 gallons per ton is based on industry average (.13 gallons per ton may be used if electrical power is purchased from a commercial source).

(c) Example:

Concrete: 100 cu yd of concrete = 200 tons

200 tons X .75 = 150 tons of aggregate

150 tons X .28 = 42 gallons (diesel generator)

	150 tons X .13 = 19.5 gallons (electrical power)
Asphalt:	100 cu yd of asphalt = 188 tons
	188 tons X .94 = 176.72 tons of aggregate
	176.72 tons X .28 = 49.5 gallons

Appendix III

Special Fuel User Tax Returns

&

Instructions



Montana Department of Transportation
Accounting Services Bureau

PO Box 5895

Helena, MT 59620-5895

Phone: (406) 444-3832 FAX: (406) 444-5411 TDD: (406) 444-7696

www.mdt.mt.gov

Do Not Write in this Space

Special Fuel (Diesel) Use Tax Return - Contractors Quarter Ending: _____

Permit Number:	Fed ID No.
Trade Name (DBA)	Soc Sec No.
Address Line 1:	Phone: ()
Address Line 2:	
City, ST, Zip	

This return must be filed even if you did not operate this quarter.

Stop and Read: Effective October 1, 2005 SU permit holders are required to use tax-paid fuel on public and private projects. Permit holders who do not request a refund of fuel taxes, and/or are not responsible for fuel tax liability on fuel used to produce aggregate material used on taxable projects are not required to maintain usage records. For information call (406) 444-7271.

- 1) Are you requesting a refund and/or:
- 2) Do you owe tax for fuel used to produce aggregate?

☐ **No to both questions? Skip lines 1-19 below, sign and submit form to address shown above.**

☐ **Yes to either question? Complete lines 1 – 19 below to compute your credit or tax due.**

1. Total miles traveled in all jurisdictions. (Round to nearest mile)		Miles
2. Total fuel used in vehicles. DO NOT ENTER FUEL USED IN EQUIPMENT.		Gal
3. Average miles per gallon. (Line 1 divided by line 2) (Round to 2 decimal places)		MPG
4. Total miles traveled in Montana.	Miles	
5. Total miles traveled off-road in Montana. (Private or Forest Service)	Miles	
6. Total miles traveled on-road in Montana. (Subtract line 5 from line 4)		
7. Total taxable fuel used in Montana by vehicles. (Divide line 6 by line 3: Round to nearest gallon)	Gal	
8. Total fuel used in taxable projects. (From line 6 of form MF-15)	Gal	
9. Total taxable fuel. (Add line 7 and 8)		Gal
10. Total Montana tax paid fuel used. (From Schedule 3)	Gal	
11. If line 10 is more than line 9, subtract line 9 from line 10. If not, go to line 13.	Gal	
12. Multiply line 11 by .2775.	\$ ()	
13. If line 9 is more than line 10, subtract line 10 from line 9. If not, go to line 15.		Gal
14. Multiply line 13 by .2775.		\$
15. Credit for fuel used by PTO. (Attach PTO Schedule)	\$ ()	
16. Late filing penalty. (\$25.00 or 10% of tax due, whichever is greater)		\$
17. Interest. (1% of tax due per month or fraction thereof)		\$
18. Prior quarter credits.	\$ ()	
19. Total Amount Due/(Credit). (Add lines 14, 16, 17 then subtract lines 12, 15 and 18)		\$

**Make remittance payable to the Department of Transportation.
Sign and return form to address shown above.**

I declare, under penalties of perjury, that this return (including any schedules) has been examined by me and to the best of my knowledge and belief is true, correct and complete.

Signature of Authorized Agent

Title

Date

☐

REFUND CREDIT

☐

CHECK HERE TO CANCEL YOUR SPECIAL FUEL USERS PERMIT.
Effective Date of Cancellation _____

GENERAL INSTRUCTIONS MF 12C

Effective October 1, 2005, Special Fuel User permit holders are required to use tax-paid fuel on all public and private projects. Special Fuel User permit holders:

- Who do not request a refund of fuel tax for non-taxable use, and/or
- Are not responsible for the fuel tax liability for production of aggregate material used on a public road project,

Are not required to maintain usage records. For information call (406) 444-7271.

FILING OF RETURN AND PAYMENT OF TAX: Each Special Fuel User permit holder must file a special fuel use tax return, on or before the last day of April, July, October and January, following the calendar quarters ending March, June, September and December. A return must be filed for each quarter whether or not you are asking for a refund or not and as long as your special fuel user permit is active. Upon cancellation of the permit, payment of any tax liability must be included with the final return.

PENALTIES: If a special fuel user refuses or fails to file a return as required by 15-70-330 MCA, within the time prescribed, there is imposed a penalty of twenty-five dollars (\$25.00) or ten percent (10%) of the tax due, whichever is greater, together with interest at the rate of one percent (1%) on the tax due for each month or fraction thereof.

CREDIT REFUNDS: Check the box on form MF12C (lower left corner). You must have all required schedules filled out properly. A refund on an active account must be requested within three years (3yrs.) from the quarter to which the credit relates. In the event of cancellation, a refund must be requested within twelve (12) months of the date of cancellation. Before a refund is issued, our office or field staff may examine records. A state warrant will not be issued in the amount of \$5.00 or less.

RECORD KEEPING: If a refund is requested or a special fuel user has fuel tax liability from aggregate material, complete records must be kept of all pertinent papers that verify all information listed on the special fuel use tax return. Pertinent papers include fuel purchase invoices, bills of lading, trip records, bulk fuel dispersal records, etc. If a refund is not requested and/or the permit holder does not have any fuel liability associated with aggregate material, no records are required.

FUEL PURCHASES: If you are required to keep records, each invoice or receipt must have: plate or unit number, date of purchase, name and address of dealer from whom you purchased fuel, name and address of the buyer, number of gallons or liters received, type of fuel, price per gallon and if state tax was included. You are required to keep a record of all tax-paid fuel purchases.

MILEAGE RECORDS: If you are required to keep mileage records: You are required to keep trip date(s), origin, beginning odometer, ending odometer, route used, destination, total miles, on road and off road miles for each unit.

BONDING: Minimum of \$5,000.00 or equivalent to twice the quarterly payments.

INSTRUCTIONS MF12C

Effective October 1, 2005, Special Fuel User permit holders who do not request a refund of fuel tax for non-taxable use and/or who are not the end-user and responsible for the production of material are not required to maintain usage records. For further information call (406) 444-7271.

STOP & READ BEFORE YOU BEGIN:

1. Are you requesting a refund or credit? And/or
2. Do you owe a tax for fuel used to produce aggregate?
 - If you answered **NO** to both questions, fill in your name, address, City and State, your permit number, Federal ID number and/or social security. Check the box, then skip lines 1-19 and sign and send in.
 - If you answered **YES** to either question, complete lines 1-19 of the form, sign and send in. Check the box. The line-by-line instructions are below.

- LINE 1:** Miles for on road vehicles only. Do not include any equipment or miles reported on IFTA tax return. Mileage log must be kept for all miles traveled.
- LINE 2:** All the fuel placed into the supply tank of the vehicles that have been reported on line 1 only. All invoices and dispersal record must be kept for vehicles. **DO NOT INCLUDE FUEL USED IN EQUIPMENT.**
- LINE 3:** Divide total miles traveled by total fuel used in vehicles. (Line 1 divided by line 2) This is your Average Miles Per Gallon (MPG).
- LINE 4:** Total of taxable and non-taxable miles traveled in Montana. (Including trip permit miles if any were purchased during the quarter)
- LINE 5:** Off-Road (Non-taxable) Miles. Miles traveled on private or Forest Service property only.
- LINE 6:** Total taxable miles in Montana only. Any public road in Montana is taxable. (Gravel, dirt, pavement and etc.)(Subtract line 5 from line 4.)
- LINE 7:** Total taxable fuel in Montana. These are the number of gallons used on Montana roads by vehicles. This is determined by dividing total taxable miles by MPG. (Line 6 divided by line 3.)
- LINE 8:** Enter line 6 from form MF 15. This is the total of all fuel from taxable projects including fuel used to produce aggregate material.
- LINE 9:** Add lines 7 and 8 to get Total Taxable Fuel gallons for the quarter. (Gallons for vehicles & all projects.)
- LINE 10:** Total Montana Tax-Paid Fuel placed into vehicles and equipment. Number of Montana tax-paid gallons bought at the pump or dispensed from bulk storage placed into the supply tank of a vehicle and/or equipment. (From Schedule 3 below)

- LINE 11:** Total refundable tax-paid gallons. If the total Montana tax-paid fuel placed into vehicles and equipment (line 10) is more than the taxable fuel (line 9), subtract line 9 from line 10 and enter on line 11. If line 10 is less than line 9, go to line 13.
- LINE 12:** Refundable Montana tax. Multiply line 11 times the current tax rate (.2775). (Brackets indicate refund/credit.)
- LINE 13:** Total net taxable gallons. If the total Montana tax-paid fuel placed into vehicles and equipment (line 10) is less than the taxable fuel (line 9), subtract line 10 from line 9 and enter difference on line 13.
- LINE 14:** Multiply line 13 times the current tax rate (.2775) and enter on line 14 for total Montana fuel tax liability.
- LINE 15:** Total credit from Power-Take-Off Unit. Enter total from column 7, line 2 of MF-12PTO form.
- LINE 16:** Late filing penalty. Failure to file a tax return by the due date will result in a penalty. The penalty is \$25.00 or 10% of the net tax liability, whichever is greater. A tax return is considered filed by the date of the US postmark on the envelope. Subtract lines 12 & 15 from line 14. If the amount is a refund or tax of \$250 or less, the penalty is \$25. Otherwise, the penalty is 10% times the tax due.
- LINE 17:** Interest is imposed on late or amended returns that have a tax due. Interest is 12% a year or 1% per month or fraction thereof.
- LINE 18:** Prior Quarter Credits. These are credits carried forward from previous tax quarters. The credit may be used against any tax liability or refunded upon request.
- LINE 19:** Total Amount Due/Credit. Add lines 14, 16 & 17 to arrive at your tax liability before credits. Subtract lines 12, 15 & 18 from this total to arrive at your total amount due or refund/credit.

SCHEDULES: 1, 2 & 3 must be completed for the tax return to be considered properly filed.

SCHEDULE 1- Diesel Fuel Purchases

There are two columns for tax-paid fuel purchases – Bulk purchases and purchases at the pump.

- Bulk fuel is any fuel that is purchased from a retailer and placed in storage or containers other than the supply tank of a motor vehicle or equipment. (Storage tanks, slip tanks, cans, glass containers, etc.)
- Tax paid fuel at the pump is any fuel purchased in Montana where the Montana tax was collected at the time of the purchase and put into the supply tank of a vehicle or equipment. (Undyed diesel only.)

List each purchase separately with date of purchase, invoice number, dealer's name and address, and the number of tax-paid gallons. Total the columns of gallons by bulk fuel or pump purchases in lines 2 & 3. If you use fuel supplement(s) form MF-12A, transfer the total of gallons from it to line 1.

SCHEDULE 2 – Bulk Storage of Diesel Fuel

Bulk Storage: A dispersal record must be maintained for all bulk storage. If the user has more than one storage tank, the taxpayer is required to maintain separate bulk summary & dispersal records for each bulk tank. (See bulk under schedule one.) Do not include any non-taxed (red dyed) diesel.

SCHEDULE 3- Montana Tax Paid Fuel Used

Totals of the Montana tax paid fuel used in vehicle(s) and equipment. Total of Montana tax-paid gallons purchased at the pump (Schedule 1, line 3) plus total fuel dispensed (Schedule 2, line 4) equals the total Montana tax-paid fuel placed into vehicles and equipment. Enter on line 10 on front of form.



Montana Department of Transportation
Accounting Services Bureau

PO Box 5895

Helena, MT 59620-5895

Phone: (406) 444-3832 FAX: (406) 444-5411 TDD: (406) 444-7696

www.mdt.mt.gov

Do Not Write in this Space

Special Fuel (Diesel) Use Tax Return Supplemental Contractors Report – MF-15

Trade Name (DBA)	Permit #	Quarter Ending
------------------	----------	----------------

This form is provided to the contractor for reporting tax-paid fuel usage and aggregate on public road construction jobs. Prepare MF-15 and attach to your MF-12C if you are:

- Asking for a refund, and/or
- The end-user liable for the tax on fuel used to produce aggregate used on public road projects.

Section I

Round to nearest gallon

1. Gallons used during quarter on all project sites.	Gal	
2. Gallons used to produce materials. (Total from Section 2)	Gal	
3. Total gallons used. (Add lines 1 and 2)		Gal
4. List any exempt gallons: A	Gal	
B.	Gal	
5. Total exempt gallons: (Add lines 4A and 4B)		Gal
6. Net taxable gallons (Line 3 minus Line 5) <i>Enter on line 8 of MF-12C</i>		Gal

Section 2

Total aggregate used on job but not produced at job site (i.e. Tons aggregate used in concrete, asphalt, road bed, etc). The back of this form may be used as a tool to total all of your aggregate by project.

Tons of Aggregate	.28 or .13	Gallons
<i>To compute gallons, multiply tons of aggregate by .28 if diesel generator was used or .13 if electrical power was used.</i>		
Total gallons: (enter on line 2 of Section I)		

Asphalt is composed of 94% aggregate. (1 cu. yd = 1.88 tons)

Concrete is composed of 75% aggregate. (1cu. yd = 2 tons)

Gravel is composed of 100% aggregate. (1 cu. yd = 1.85 tons)

.28 gallons per ton is based on industry average. (.13 gallons per ton may be used if electrical power is purchased from a commercial source.)

Examples:

Concrete

100cu. yd. of concrete = 200 tons.
 200 tons X .75 = 150 tons of aggregate.
 150 tons X .28 = 42 gallons. (diesel generator)
 150 tons X .13 = 19.5 gallons (electrical power)

Asphalt

100 cu. yd of asphalt = 188 tons.
 188 tons X .94 = 176.72 tons of aggregate.
 176.72 tons X .28 = 49.48 gallons.

The following schedules are optional. They are provided for your convenience to compile information for the front of this form.

Total Gallons Used:

Project Number	Project Description	Tax-Paid Gallons Used
Total Gallons Used this Quarter <i>Enter this total in Section 1, line 1.</i>		

Exceptions:

Project Number	Project Description	Tax-Paid Gallons Used	Purpose
Total Exception Gallons <i>Enter this total in Section 1, line 4A or 4B</i>			

Gallons Used to Produce Materials:

Project Number	Project Description	Tons of Aggregate	Rate	Gallons
			.28 or .13	
			.28 or .13	
			.28 or .13	
			.28 or .13	
			.28 or .13	
			.28 or .13	
Total Gallons Used to Produce Materials <i>Enter this total in Section 2</i>				

INSTRUCTIONS MF-15

Fill the boxes in with:

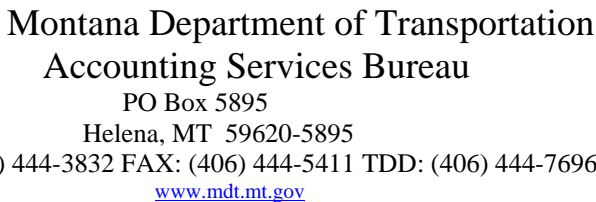
- Your trade Name (DBA),
- Your Special Fuel User's permit #, and
- The quarter ending date.

SECTION 1

- LINE 1:** List the total diesel fuel used on all project sites during the quarter. DO NOT INCLUDE FUEL USED IN VEHICLES (IE. TRUCKS). THIS FUEL SHOULD BE REPORTED ON LINES 1 THROUGH 7 ON THE FRONT OF THE MF-12C.
- LINE 2:** List the fuel used to produce materials such as concrete, asphalt, gravel, etc from Section 2. End-Users who apply aggregate material to a taxable project will use this line.
- LINE 3:** Add lines 1 and 2 for the total fuel used on all projects. This is the total fuel used in equipment on taxable projects **and** the fuel used to produce the aggregate material used on the project.
- LINE 4:** List the total exempt fuel from all projects separately by item. Exempt fuel is any fuel used in a non-combustible engine, such as dryers, burners and any type of a heating unit.
- LINE 5:** Total your exempt fuel by adding lines 4A and 4B.
- LINE 6:** Subtract line 5 from line 3. This is your total taxable gallons for all projects. Enter this total on line 8 of the MF-12C tax return.

SECTION 2

- Step 1:** Convert the cubic yards to tons using the figures provided: One cu. Yd. of asphalt = 1.88 tons, One cu. Yd. of concrete = 2 tons, and one cu. Yd. of gravel = 1.85 tons.
- Step 2:** Convert the above tons to tons of aggregate using the following percentages: Asphalt = 94% (.94), Concrete = 75% (.75), Gravel = 100% (1.0).
Example: Tons x % = Tons of Aggregate
Transfer the tons of aggregate to a line in section 2.
- Step 3:** To calculate the diesel gallons used to produce the aggregate, multiply the tons of asphalt in step 2 times 28% (.28).
The rate for concrete depends upon the power source: 28% (.28) if diesel fuel is used or 13% (.13) if electrical power is used. A blended rate is being proposed to make it easier for the end-user to arrive at the number of gallons used to produce the aggregate.



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PTO Fuel Usage Calculations

[illegible]

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Vehicle Type #	Vehicle Type	PTO % Rate
1	Water & Oil Well Drilling Rigs	0.80
2	Cement Mixing /Concrete Pumping Trucks	0.30
3	Sanitation/Garbage Trucks/Septic Pumpers	0.30
4	Sewer Cleaning/Jet Vactor	0.30
5	Super Suckers	0.30
6	Fire Trucks	0.30
7	Mobile Cranes	0.30
8	Line Truck with Digger/Aerial Lift	0.25
9	Refrigeration Trucks	0.25
10	Sweeper Trucks (Must be Motor Vehicle)	0.25
11	Self Loaders/Boom Truck (i.e. Logging Trucks)	0.20
12	Truck with Hydraulic Winch	0.20
13	Wrecker	0.20
14	Semi-Wrecker	0.20
15	Service Truck with Jack Hammer/Drill/Crane	0.20
16	Oil and Water Well Service Trucks	0.20
17	Bulk Feed Trucks	0.20
18	Dump Trailer Trucks	0.20
19	Dump Trucks	0.20
20	Hot Asphalt Distribution Trucks	0.20
21	Leaf Trucks	0.20
22	Pneumatic Tank Trucks	0.20
23	Salt Spreader or Dump Trucks	0.20
24	Seeder Trucks	0.20
25	Snow Plows	0.20
26	Spray Trucks	0.20
27	Tank Transport	0.20
28	Tank Trucks	0.20
29	Car Carrier with Hydraulic Winch	0.10
30	Carpet Cleaning Van	0.10
31	All others, including auxiliary engines under 15 horse power	0.075

Enter the Vehicle Type on the front side.

Enter the PTO Percentage Rate for your vehicle in column 6 on the front side.

Please call (406) 444-3832 if you have questions.

INSTRUCTIONS FOR MF 12 PTO –POWER- TAKE-OFF UNITS

Enter VEHICLE IDENTIFICATION Number for each unit: This is the number required to verify that the unit is a Power-Take-Off (PTO) unit.

Enter VEHICLE TYPE Number: Enter the vehicle type number (1 – 29) found on the back of the form that corresponds to your vehicle type. The number is required to verify the PTO rate.

COLUMN 1: Miles operated in all jurisdictions. Report total miles for each PTO unit. List each unit separately.

COLUMN 2: Total fuel used in vehicle. Report the total fuel put into the supply tank of the PTO unit. List each unit separately.

COLUMN 3: Average Miles Per Gallon (AMPG). Divide total miles by the total gallons of fuel. (Column 1 divided by column 2.)

COLUMN 4: Total Montana On-Road Miles. Report only the total Montana over the road miles for each unit. Do not report any travel done for a public road project. (All fuel is taxable when working on a public road project.)

COLUMN 5: Montana Fuel Eligible for PTO Credit. Divide Column 4 by Column 3 (AMPG). Round to the nearest gallon. (Example: 56.5 gallons rounds to 57 gallons.)

COLUMN 6: Montana PTO Fuel Rate. Choose the PTO rate which corresponds to the vehicle type number and enter it. List the rate for each unit separately. .
(Example: vehicle type number 6 is 25%, vehicle type number 16 is 20%,etc.)

COLUMN 7: PTO Fuel. Multiply the PTO rate in Column 6 times the PTO gallons in Column 5 and enter in Column 7. Multiply each unit separately.

LINE 1: Total PTO Gallons. Total Column #7 arriving at PTO gallons for all units.

LINE 2: Total PTO Credit. Multiply line 1 by .2775 and enter the total amount on line 15 on the MF-12C. This is the total PTO credit for all of the units shown.

By cooperative agreement, the Montana Department of Transportation exchanges fuel tax information with other tax collecting agencies.

The Department of Transportation attempts to provide reasonable accommodations for any known disability that may interfere with a person participating in any service, program, or activity of the Department. Alternative accessible formats of this document will be provided on request. Phone: 406-444-7271 TTY: 406-444-7697

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